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William J. Mitchell, Jr., P.E.
Vice President
External Affairs

DOCKET FILE COPY ORIGINAL



December 19, 1997

Mr. John Ricker - Director
Universal Service Administration Company (USAC)
100 South Jefferson Road
Whippany, New Jersey 07981

Dear Mr. Ricker:

In compliance with the November 21, 1997, Opinion and Order (PUC Docket No. R-00974153) of the Pennsylvania Public Utility Commission ("PUC"), Bell Atlantic - Pennsylvania, Inc. ("BA-PA") respectfully submits documentation which demonstrates that BA-PA's Lifeline Service plan complies with the Federal Communications Commission ("FCC") criteria set forth in 47 C.F.R. 54.400-417 (CC Docket No. 96-45, FCC 97-157).

Attached is the following information:

Attachment A: PUC approved Lifeline Service Tariff revisions, effective January 1, 1998.

Attachment B: Opinion and Order of the Pennsylvania Public Utility Commission, entered November 21, 1997, approving modifications to BA-PA's existing Lifeline Service Tariff and plan. This Opinion and Order also contains the amount of state assistance provided by BA-PA's Lifeline Service plan (\$2.50 per month), and the amount of Universal Service assistance for each Lifeline customer (\$6.50 per month).

Attachment C: A summary table indicating the Residence Lifeline Service tariff rates and the applicable monthly credit of \$9.00 per qualifying lifeline customer. This summary also indicates the amount of USAC (\$6.50 per month) and state assistance (\$2.50 per month) which applies to each qualified lifeline customer.

Attachment D: A copy of the September 1997 Pennsylvania Department of Public Welfare ("DPW") report which indicates the estimated number of "eligible lifeline customers" on a state-wide basis. The DPW report contains eligibility figures for the three main certification programs under BA-PA's Lifeline Service plan. However, the DPW report does not break down the eligibility figures by certified Incumbent Local Exchange Carriers ("ILECs").....BA-PA is one of the thirty-seven ILECs in the State of Pennsylvania.

Attachment E: Finalized verbiage of the new Lifeline Service bill insert which will be distributed to all existing residence customers of BA-PA with their January 1998 telephone bill.

A handwritten signature, likely of William J. Mitchell, Jr., in ink.

If you have any questions about the information or Attachments contained in this letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Mitchell". The signature is fluid and cursive, with the first name "W." and the last name "Mitchell" clearly distinguishable.

Attachments (5)

cc: Federal Communications Commission
Universal Service Branch, ATTN: Ms. Sheryl Todd
CC Docket No. 96-45
8th Floor
2100 M Street, N.W.
Washington, D.C. 20554

Federal Communications Commission
Office of the Secretary
CC Docket No. 96-45
Room 222
1919 M. Street, N.W.
Washington, D.C. 20554

Mr. James J. McNulty, Acting Secretary
Pennsylvania Public Utility Commission
(PUC Docket No. R-00974153)
Post Office Box 3265
North Office Building
Harrisburg, Pennsylvania 17105-3265

Attachment A.

Bell Atlantic - Pennsylvania, Inc.

Lifeline Service Summary
Lifeline Service Tariff

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- BA-PAs Lifeline Service has been in existence since February 1996, and as of the end of November 1997 there were 12,144 customers in service. BA-PA estimates that, by year end 1998, the total number of qualified Lifeline Service customers will grow to 15,000.

- The revised Lifeline Service program will offer qualifying residence customers new service options, and a new monthly benefit credit of \$9.00 versus the existing \$5.00 monthly credit. The new Lifeline Service changes and options are as follows: 1) the minimum basic Lifeline Service will consist of the applicable Residence Dial Tone Line with Touch Tone and, the Local Area Standard Usage Option which has a monthly local calling allowance of \$4.00; 2) Lifeline customers will be able to choose the optional Local Area Unlimited Usage Option in place of the Local Area Standard Option; 3) the new Lifeline Service - Voluntary Toll Restriction Option, at the customer's option, will be installed without charge for Lifeline Service customers; and 4) as mentioned above, the existing Lifeline Service monthly benefit credit will go from \$5.00 per month to \$9.00 per month as follows: \$3.50 off the FCC Subscriber Line Charge, \$2.90 off the applicable Residence Dial Tone Line with Touch Tone, and \$2.60 off the customer's Local Usage Option. In addition, qualified Lifeline Service customers will continue to receive a \$40.00 benefit towards the installation of the Residence Dial Tone Line (current installation charge is \$40.00) via the Link Up America \$20.00 credit and the state assisted offset credit of \$20.00.

- Consistent with the FCC's Lifeline and Universal Service Fund criteria, BA-PA will track and seek recovery of the incremental cost associated with providing qualified lifeline customers with the Lifeline Service - Voluntary Toll Restriction Option.

LINK UP AMERICA

A. DESCRIPTION

Link Up America is a program designed to promote universal service by providing a discount on service connection charges for qualified low-income customers.

B. REGULATIONS

1. Link Up America is available to residence customers who meet the following eligibility criteria:

- a. The applicant must not be a dependent for federal income tax purposes, unless he or she is 60 years of age or older.
- b. Applicant must participate in any of the following programs:

- | | | | |
|---|--|---|-----|
| ★ | ★ | ★ | (C) |
| - | Categorically Needy Medical Assistance (Blue Card) | | |
| - | Food Stamps | | |
| - | General Assistance (GA) | | |
| - | Low Income Home Energy Assistance Program (LIHEAP) | | |
| - | Medically Needy Only - Medical Assistance (Green Card) | | |
| - | State Blind Pension | | |
| - | Supplemental Security Income (SSI) | | |
| - | Temporary Assistance For Needy Families (TANF) | | (C) |

The applicant must self-certify the requirements set out in a. The requirement set out in b. must be certified by the Pennsylvania Department of Public Welfare (DPW). Such certification by DPW: (1) will be provided only when a DPW client requests Link Up America benefits based on the client's status as a recipient of any of the benefits listed in b.; (2) will be limited to confirmation of the client's status (i.e., participation or non-participation) in the benefit program listed in b. specified by the client; (3) will not be a determination by DPW as to eligibility of the client for Link Up America benefits. Participation by DPW is subject to execution of an agreement with DPW.

LIFELINE SERVICE

A. DESCRIPTION

Lifeline Service is a Residence offering for low-income customers who qualify for this service in accordance with the following Regulations.

B. REGULATIONS

1. Lifeline Service is available to qualified residence customers and is provided via a residence individual Dial Tone Line. Lifeline Service is limited to only one Service per qualified customer. A potential Lifeline customer who has an outstanding final bill for telephone service which is less than (4) years old must pay the entire balance of any Basic Service final bill before being eligible for Lifeline Service.
2. Residence Lifeline Service consists of the following tariffed standard features and optional customer elected services at the applicable rates, charges and regulations for each feature and service provided:
 - a. Residence Dial Tone Line with Touch Tone.
 - b. Lifeline Service Residence Local Usage Options available: 1) Local Area Standard Usage Option, or 2) Local Area Unlimited Option.
 - c. Directory Listings (standard only)
 - d. Non-Published or Non-Listed Telephone Number Service (only when a customer need has been determined by the Telephone Company).
 - e. Access to Directory Assistance Service.
 - f. Access to Message Toll Telephone Service and Optional Dial Station-To-Station Calling Plan Services. However, the Residence Lifeline Dial Tone Line will be blocked from dial station access to 976/556/900 and any other type of Audiotex Service.
 - g. Access to Operator Services.
 - h. Lifeline Service - Voluntary Toll Restriction Option.
 - i. Link Up America (mandatory for Lifeline Service).
 - j. Access to 800/700 Services.
 - k. Access to Call Trace.
 - l. Access to Alerting and Reporting Systems (9-1-1 dialing).
 - m. Access to the Pennsylvania Telecommunications Relay Service.
 - n. Caller ID Per-Call Blocking and Line Blocking.
3. An applicant for Lifeline Service must be a current participant in one of the following Pennsylvania Department of Public Welfare (DPW) programs or be able to provide proof of income which is at or below the annual United States Census Bureau Poverty Level Guidelines For All States (Except Alaska and Hawaii) and the District of Columbia. Applicants who wish to be certified for Lifeline Service via the low income option will need to provide the following proof of eligibility: 1) currently filed State Income Tax Form; 2) currently filed Federal Income Tax Form, or 3) other equivalent documentation as prescribed by Bell Atlantic - Pennsylvania. Recertification of Lifeline Service participants will be conducted biennially by Bell Atlantic - Pennsylvania. Lifeline customers have the responsibility to notify the Telephone Company if they no longer qualify for Lifeline Service.

LIFELINE SERVICE

B. REGULATIONS (Cont'd)

3. (Cont'd)

Pennsylvania Department of Public Welfare Lifeline Service Programs:

- | | | | |
|--|---|---|-----|
| * | * | * | (C) |
| * General Assistance (GA) | | | |
| * Supplemental Security Income (SSI) | | | |
| * Temporary Assistance For Needy Families (TANF) (C) | | | |

The DPW Programs listed above must be certified by DPW. Such certification by DPW will be provided only when a DPW client requests Lifeline Service based on the client's status as a participant in any of the above eligibility programs. Certification by DPW will be limited to confirmation of the client's program status (i.e., participation or non-participation). Participation by DPW is subject to execution of an agreement with DPW and Bell Atlantic - Pennsylvania, Inc.

4. Lifeline Service will be provided to a customer only so long as such customer continues to meet the participation and certification guidelines in B-3. above. At the time of initial establishment of Lifeline Service, the customer agrees to have his or her eligibility recertified as determined by Bell Atlantic. When Bell Atlantic - Pennsylvania is notified by the customer or determines through recertification that the Lifeline Service customer is no longer a participant in the DPW programs in B.3. above or otherwise low-income eligible, the customer will be notified (by telephone or letter) that the Lifeline Service rate is no longer applicable. Within the stated customer notification period (10 working days from the date of the notification), the customer can contact the Company to negotiate new Dial Tone Service arrangements at applicable tariff rates (no connection charges will apply for existing services or options retained). If the customer does not contact the Company by the end of the notification period, the Lifeline Service will be changed to applicable Exchange Area Dial Tone Line service at existing tariff rates (no connection charges will apply to existing services or options retained). Upon contacting the Company, the customer will have ten (10) working days to complete the low-income certification or recertification process in order to retain Lifeline Service.
5. A Lifeline Service customer may not subscribe to any other type of residence Local Exchange Service at the same or other premises. Lifeline Service will not be provided via Foreign Exchange or Foreign Central Office Service arrangements.
6. All existing tariffed Dial Tone Line Miscellaneous Charges apply to Lifeline Service customers.
7. Lifeline Service customers are required to apply for the Link Up America benefit when applicable. The balance of the Dial Tone Line Product/ Service Charge (i.e., non-recurring installation charge for Dial Tone Line) will not apply for Lifeline customers.

LIFELINE SERVICE

B. REGULATIONS (Cont'd)

8. Customer requested temporary suspension of Lifeline Service is not permitted.
9. Lifeline Service does not apply to applicants who are full time students living in university or college controlled housing.
10. The applicant must not be a dependent for Federal Income Tax purposes, unless he or she is 60 years of age or older.
11. Lifeline customers are subject to all Residence service regulations in this and other tariffs of Bell Atlantic - Pennsylvania, Inc.

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12. All outstanding charges, account balances and service restrictions apply to existing customers who qualify for Lifeline Service. Service restrictions will remain until the arrearage(s) have been paid in full.

13. Any Lifeline customer who has a past due balance of \$20.00 or more in Toll Charges will be automatically restricted from access to toll services until the outstanding balance is paid. The Residence Toll Restoral Charge applies to Lifeline Customers who are suspended for non-payment and who subsequently pay their outstanding toll charges and request toll restoral.

14. Qualified Lifeline Service customers can choose to receive the Lifeline Service - Voluntary Toll Restriction Option which includes the following features at no charge(the Toll Restoral Charge in Section 22C of this tariff applies to Lifeline Service customers):

Calls Which Will Be Completed

0(Calling Card with valid number)
0 + 10 Digit Local
7 Digit Local
1 + 7 Digit Local
1 + 10 Digit Local
N11(Service Codes, i.e., 911, 611)
1 + Toll Free
Local Directory Assistance
950(Feature Group B)

Calls Which Will Be Blocked

00(Includes 00-/00+)
Collect Calls
01 +
011 +
10XXX or 101XXXX
0 + 7 Digit Toll
0 + 10 Digit Toll
Non-Local Directory Assistance
1 + 900
1 + 700
7 Digit Toll
1 + 7 Digit Toll
1 + 10 Digit Toll
556 and 976
Connect ReQuestsm
Busy Line Verification
Emergency Interrupt
Time of Day(0)
Third Number Billing Requests

LIFELINE SERVICE

B. REGULATIONS (Cont'd)

15. Residence Lifeline Service cannot be resold by the Lifeline customer or the Lifeline customer's agent. (C)
16. Resale of Lifeline Services are subject to wholesale rate obligations under Section 251 (C)(4) of the Telecommunication Act of 1996.

C. LIFELINE SERVICE APPLICABLE RATES

1. Applicable Residence Dial Tone Cell monthly rate minus \$2.90(1). (C)
2. Lifeline Service customers will pay the applicable FCC Subscriber Line Charge monthly rate minus \$3.50(1).
3. Lifeline Service customers will pay the monthly rate associated with their selected Local Usage Package Option minus \$2.60(1).
4. Lifeline Service - Voluntary Toll Restriction Option(No charge, USOC RLVXX).
5. Lifeline Service is subject to all applicable State, Local and Federal Taxes, and Surcharges, and to all applicable tariff rates, charges, surcharges and regulations.

NOTE:

- (1) The Dial Tone Line, Federal Line Cost Charge and Local Usage Option monthly rate discounts will be reduced to the extent that, the application of the full discount would not result in rates that are less than zero.

Attachment B

Bell Atlantic - Pennsylvania, Inc.

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Public Meeting

November 21, 1997

Opinion and Order
of the
Pennsylvania Public Utility Commission

PUC Docket No. R-00974153
Entered November 21, 1997



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

REFER TO OUR FILE

NOVEMBER 21, 1997

R-00974153

WILLIAM J MITCHELL JR VP
BELL ATLANTIC-PENNSYLVANIA
1717 ARCH STREET 17TH FLOOR
PHILADELPHIA PA 19103


PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
BELL ATLANTIC-PENNSYLVANIA, INC.

To Whom It May Concern:

This is to advise you that an Opinion and Order has been adopted by the Commission in Public Meeting on November 21, 1997, in the above entitled proceeding.

An Opinion and Order has been enclosed for your records.

Very truly yours,


James J. McNulty,
Secretary

smk
Encls.
Cert.Mail

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265**

Public Meeting held November 21, 1997

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
John Hanger, Statement attached
David W. Rolka

Pennsylvania Public Utility Commission

v.

Bell Atlantic-Pennsylvania, Inc.

R-00974153

OPINION AND ORDER

BY THE COMMISSION:

On September 26, 1997, Bell Atlantic-Pennsylvania, Inc. (Bell or Company) filed revisions to Local Tariff-Telephone Pa. P.U.C. No. 1 to become effective January 1, 1998, for the purposes of: (1) revising its existing residence Lifeline Service features and options; (2) increasing the qualified Lifeline customer monthly benefit from \$5.00 to \$9.00 per month; and (3) revising the Lifeline Service and Link-Up America portions of its tariff to reflect a name change to one of the PA Dept. of Welfare programs. In addition, Bell is requesting the PA P.U.C. to designate it as an eligible telecommunications carrier (ETC) for purposes of receiving Universal Service Fund support on or before January 1, 1998 in compliance with the Commission's Opinion and Order at Docket No. I-00940035 and the FCC's order, re Federal-State Joint Board on Universal Service, (FCC May 8, 1997) CC Docket No. 96-45, FCC 97-157 (hereinafter referred to as the "FCC Universal Service Order").

Background

Bell's original Lifeline Plan was approved by this Commission August 4, 1995, at Docket Nos. P-00930715 and P-00950958. The instant filing modifies the original Lifeline Plan in accordance with the FCC Universal Service Order and the Commission's July 31, 1997 Opinion and Order at Docket No. I-00940035.

The current federal Lifeline program operates by reducing end-user charges that low-income customers pay for basic local telephone service on the condition that a matching intrastate contribution is made. The FCC Universal Service Order extended the Lifeline program by designating that Lifeline Service should be provided to low-income consumers in every state, irrespective of whether the state provides matching funds, and that all eligible telecommunications carriers should be required to provide Lifeline service. In addition, the FCC ruled to increase the federal Lifeline support amount, but conditioned such an increase on the state permitting its carriers to reduce intrastate charges paid by the end user.²

In the FCC Universal Service Order, the FCC directed that Lifeline service should include the following services:

1. single-party service
2. voice grade access to the public switched telephone network (PSTN)
3. DTMF or its functional digital equivalent (touch-tone service)
4. access to emergency service
5. access to operator services
6. access to interexchange service
7. access to directory assistance
8. toll limitation

² FCC Universal Service Order. ¶326, slip op at p. 177.

The FCC also determined that Lifeline service customers shall not be disconnected for non-payment of toll charges; nor should service deposits be required for Lifeline service customers who accept toll blocking.³ The FCC also ruled that Lifeline customers should receive toll-blocking and toll-control services at no charge in order to increase the use of these services by low-income consumers.⁴

As part of its effort to implement the Joint Board's suggestion that the current per-minute CCL charge be modified to reflect the non-traffic sensitive nature of loop costs, the FCC, in its *Access Charge Reform Order*, (FCC May 7, 1997), CC Docket No. 96-262, implemented a flat charge per primary residential line that is to be assessed against the presubscribed interexchange carrier (PIC). If the customer does not select a PIC, however, the presubscribed interexchange carrier charge (PICC) will be assessed against the end user. However, the FCC also wants to ensure that the Part 69 changes will not have an adverse impact on Lifeline customers. Specifically, the FCC is concerned that the PICC may be assessed against Lifeline customers who elect to receive toll blocking because they will have no PIC associated with their lines. Accordingly, the FCC is seeking further guidance from the Joint Board on how to ensure the integrity of the Lifeline program in light of changes made in its Part 69 rules.^{5 6}

With regard to federal Universal Service funding support, we note that the FCC's Universal Service Order provides for a minimum of \$5.25 in federal support consisting of the current \$3.50 SLC offset plus an additional amount of \$1.75. In order for Lifeline subscribers to receive the \$5.25 in federal support the states need not provide

³ FCC Universal Service Order. ¶328, slip op at p. 177; and ¶ 398-400, slip op at pp. 213-215.

⁴ FCC Universal Service Order. ¶385, slip op at pp. 205-6.

⁵ FCC Universal Service Order. ¶¶362-363, slip op at p. 193.

⁶ See our Opinion and Order at Docket No. R-00971274 for further discussion on this issue.

matching funds, but only approve the reduction of \$1.75 in the portion of the intrastate rate that is paid by the end user; the \$3.50 reduction would be applied as an offset to the current Federal Subscriber Line Charge (SLC) of \$3.50 per month.

In addition, the FCC will provide for additional federal support equal to one half of any support generated from the intrastate jurisdiction, up to a maximum of an additional \$1.75, or \$7.00 in federal support (\$3.50 + \$1.75 + \$1.75). In other words, if a state provides the minimum amount of matching support to receive the full federal matching support amount, the state would provide \$3.50 and the FCC would match one half that amount, or \$1.75. This would provide for \$7.00 in federal support plus \$3.50 in state support for a total support of \$10.50 to the Lifeline consumer. Again, in order to achieve the full \$10.50 offset for Lifeline rates, states must approve the reduction in intrastate rates provided by the additional federal support amount. In addition, the federal support amounts in no case should exceed the Lifeline rate.⁷ The FCC's modified Lifeline Plan is to take effect on January 1, 1998.

The Filing

On September 26, 1997, Bell filed revisions to its local tariff proposing modifications to its Lifeline Service for Commission approval. Bell's Lifeline Service, which was approved by the Commission on August 4, 1997, at Docket Nos. P-00930715 and P-00950958, remains substantially unaltered except for the following proposed modifications, and some revisions that we will direct later in this Opinion and Order.

Bell's proposal offers qualifying residence customers new Lifeline Service options. The original Lifeline Service offered subscribers the choice of (1) budget or (2) local area standard usage options, which are both local measured usage packages. The

⁷ FCC Universal Service Order. ¶¶351-352, 355, slip op at pp. 188-190.

instant proposal would offer subscribers the choice of (1) local area standard usage or (2) local area unlimited usage options.

Bell's original Lifeline Service Plan was premised on the FCC's then existing "Plan 2" which provided for a waiver of the entire residential federal Subscriber Line Charge (SLC) up to the amount *matched by the state*. As such, Bell's existing Lifeline Service Plan provides for a \$2.50 offset for Lifeline Service subscribers. In accordance with our August 4, 1997 Order at Docket Nos. P-00930715 and P-00950958, funding of the existing Lifeline program was permitted to be recovered from an increase of the operator surcharge assessed on toll calls made from Bell coin telephones which are paid for through the insertion of coins (the Coin Paid Customer Dialed (CPCD) rate).⁸ Currently, the \$2.50 offset by Bell in addition to the matching funds of \$2.50 on the federal level provided for a total offset of \$5.00 to Lifeline Service subscribers.

Subsequent to the approval of Bell's Lifeline Service Plan, the FCC Universal Service Order revised its Lifeline Assistance program. State matching of funds are no longer required and the FCC has expanded the level of federal universal service funding support. In accordance with these revisions, Bell proposes to revise its Lifeline Service to take advantage of these additional federal universal service funds.

Bell proposes offering a \$9.00 total offset to Lifeline Service subscribers. This offset would be distributed as follows: (1) a \$2.90 discount to the residential dial tone line portion (including Touch Tone) of basic telephone service;

⁸ Bell has filed a revenue neutral filing at Docket No. R-00974176 on October 22, 1997, to end the Lifeline Service funding mechanism on a going forward basis and increase certain other rate elements. This filing will be the subject of a separate report for Commission action and is tentatively scheduled for the December 18, 1997 Public Meeting Agenda.

(2) a \$2.60 discount to the local usage package option portion of basic telephone service; and (3) the federal Subscriber Line Charge offset of \$3.50 for Lifeline subscribers. The dial tone line monthly discount, the local usage package option monthly discount, and the Subscriber Line Charge monthly discount will be applied to the extent that application of the full discount would not result in rates that are less than zero.⁹ The maximum discount offered to a Lifeline subscriber would be \$9.00.¹⁰

The \$9.00 Lifeline Service subscriber offset would be derived as follows:

	<u>FCC's New Universal Service Fund</u>		<u>Pa. State Lifeline Offset</u>	
1.	\$3.50 FCC SLC			
2.	1.75 Additional Offset			
3.			\$2.50 Pa. Offset - CPCD Surcharge	
4.	1.25 FCC 50% of State Offset			
	<hr/>		<hr/>	
Totals	<u>\$6.50</u>	+	<u>\$2.50</u>	= <u>\$9.00</u>

Accordingly, \$6.50 of this discount will be funded by the Federal Universal Service Fund and \$2.50 will continue to be funded by Bell. To the extent that the Federal Universal Service Fund is not available to Bell, the federal \$6.50 offset for Lifeline Service will not be available to customers.¹¹

⁹ The federal support amount is to be used as a reduction to a Lifeline subscriber's rate before taxes, surcharges, and fees, down to, but not below, zero. This is in accordance with the FCC Universal Service Order.

¹⁰ We note however, that this amount is subject to change at such time that we determine a viable source of intrastate lifeline funding. We shall discuss this further in this Opinion and Order.

¹¹ As will be noted later, we shall grant these provisions on the condition that further offsets may be authorized by the Pennsylvania Public Utility Commission.

The revised Lifeline Service offset would increase the discount to a Lifeline Service subscriber from the current \$5.00 per month to \$9.00 per month. The following table shows the changes to the application of the current and proposed offset.

<u>Lifeline Service Benefit</u>	<u>Current</u>	<u>Proposed</u>
Residence Dial Tone Line	\$2.50	\$2.90
Local Usage Package Option	---	\$2.60
Federal Subscriber Line Charge	<u>\$2.50</u>	<u>\$3.50</u>
Total	<u>\$5.00</u>	<u>\$9.00</u>

This proposal does not change the amount of Bell's contribution to Lifeline Service. It does, however, take advantage of the federal universal service support now available and provides for the allocation of these supports to the basic service classes.

As part of this Lifeline Service filing, Bell has also requested that the Commission designate it as an eligible telecommunications carrier for purposes of receiving Universal Service Fund support. In addition, in compliance with the FCC's revised Lifeline Assistance program, Bell proposes providing Lifeline Service customers with the Voluntary Toll Restriction Option, at the customer's option, at no charge. The Company deleted language from its tariff stating that "Residence Lifeline Service cannot be resold by the customer or the customer's agent(s)." Also, the Company made minor text corrections to its Lifeline Service and Link-Up America tariffs to correct the name of a program under the Department of Public Welfare that had a name change. (Aid for Families with Dependent Children has changed to Temporary Assistance for Needy Families.)

Discussion and Conclusion

In our opinion, it appears that the instant filing is generally in accordance with the directives contained in our Order On Reconsideration entered July 31, 1997, at Docket No. I-00940035, and the FCC Universal Service Order. However, there are several points that we wish to clarify and/or modify.

We note that the FCC Universal Service Order requires that at least one eligible telecommunications carrier be certified in all service areas so that low-income consumers will always have access to a Lifeline program from at least one carrier. To this end, as part of this Lifeline Service filing, Bell has requested that the Commission designate it as an eligible telecommunications carrier for purposes of receiving Universal Service Fund support. Subsequently, Bell filed a petition with the Commission requesting designation as an eligible telecommunications carrier, at Docket No. P-00971290. Accordingly, we will not address this request here, but will instead address this request independently in a separate Order at Docket No. P-00971290.

Regarding the eligible telecommunications carrier issue, the FCC has determined that it has the authority to extend Lifeline to include carriers other than eligible telecommunications carriers, but has declined to do so at the present time. In addition, the FCC Universal Service Order provides as follows:

We further observe that, contrary to the fears of some commenters, a large class of carriers that will not be eligible to receive universal service support -- those providing service purely by reselling another carrier's services purchased on a wholesale basis pursuant to section 251(c)(4) -- will nevertheless be able to offer Lifeline service. The *Local Competition Order* provides that all retail services, including below-cost and residential services, are subject to wholesale rate obligations under section 251(c)(4). Resellers therefore could obtain Lifeline service at wholesale rates that include

the Lifeline support amounts and can pass these discounts through to qualifying low-income consumers.¹²

In view of the above, we will direct the Company to modify its proposed tariff language in Section B of its proposed tariff to make it consistent with the federal requirements. Limitations on residence lifeline service resale must be consistent with the FCC's requirement that all retail services, including below-cost and residential services, are subject to wholesale rate obligations under section 251(c)(4). To that end, we direct Bell to add the following two paragraphs to Section B of its Lifeline Service tariff, consistent with the language below:

Residence Lifeline Service cannot be resold by the Lifeline customer or the Lifeline customer's agent(s).

Resale of Lifeline Services are subject to wholesale rate obligations under Section 251(c)(4) of the Telecommunication Act of 1996.

Any conflict between these two paragraphs would be determined according to Section 251(c)(4) of the Telecommunication Act of 1996.

The FCC Universal Service Order requires all eligible telecommunications carriers to provide Lifeline Service.¹³ On August 14, 1997, the FCC issued a public notice stating that designation as an eligible telecommunications carrier is necessary for receipt of specific federal universal service support for high cost, low income, and most rural health care purposes. As a result, several parties have petitioned this Commission for designation as eligible telecommunications carriers. Consequently, we must review and approve any Lifeline Service plan as a prerequisite to designation as an eligible

¹² FCC Universal Service Order. ¶370, slip op at p. 197.

¹³ FCC Universal Service Order. ¶326, slip op at p. 177.

telecommunications carrier. Bell must provide the FCC with information about the Commission's approval of a Lifeline Service Plan and designation as an eligible telecommunications carrier in order to receive specific federal universal service support.

The FCC's Public Notice, DA 97-1892, released September 29, 1997, announced procedures that states must follow in order to receive universal service support. The FCC has determined that states should submit a list of eligible telecommunications carriers and the service areas that non-rural carriers are required to serve as soon as possible, but not later than December 31, 1997, in order for carriers to be eligible for funding for high cost, low-income, and health care support, beginning January 1, 1998, except as set forth in 47 C.F.R. §54.621(a). Copies of this information must also be sent to Sheryl Todd and the Office of the Secretary at the FCC. We will comply with this directive in accordance with our determination of eligible telecommunications carrier status at Docket No. P-00971290.

Bell's proposed tariff supplement includes a listing of tariffed standard features and optional customer elected services provided with Lifeline Service. Our review reveals no reference to Caller ID blocking services. The General Rule contained in 66 PA. C.S. §2906 states the following:

... any telephone call identification service offered in this Commonwealth by a public utility or by any other person, partnership, association or corporation that makes use of the facilities of a public utility shall be lawful if it allows a caller to withhold display of the Caller's telephone number and other identifying information on both a per-call basis and per-line basis from the telephone instrument of the individual receiving the telephone call.

In light of the above, we will direct Bell to add proposed tariff language in 'Section B. Regulations' of its tariff to make it consistent with 66 PA. C.S. §2906.

The FCC Universal Service Order provides for an additional federal support amount (in addition to the \$3.50 SLC offset) of \$1.75 plus one-half of any state support. For Lifeline consumers in a given state to receive this additional support, that state must approve the reduction in the portion of the intrastate rate paid by the end user. The FCC Universal Service Order determined that the states need only approve this reduction in intrastate rates provided by the additional federal support amount.¹⁴ In the instant proceeding, Bell is contributing \$2.50 in Lifeline Service support, and, therefore, there would be an additional federal support amount equal to one-half of this contribution, or an additional \$1.25. Accordingly, the federal support amount, in excess of the \$3.50 SLC offset, would be \$3.00 (\$1.75 + \$1.25), for a total of \$6.50 in federal support.

Bell already provides for \$2.50 of the maximum amount of \$3.50 qualifying for matching federal support. An additional state contribution of \$1.00 would qualify for an additional \$0.50 in matching federal support. Pennsylvania's Universal Service support mechanism is not currently in place and a determination as to whether or not that mechanism will apply to Lifeline Service has not yet been made. However, we intend to leave the door open for further review of intrastate rate reductions in support of lowering Lifeline rates for low-income consumers in the future. Further, we place no limitations on the funding mechanism for these potential future intrastate rate reductions nor place any requirement that the funding mechanism must be the Universal Service fund. When and if we approve additional intrastate rate reductions for Lifeline, we will approve the additional reduction in intrastate rates provided by the qualifying additional federal support amount and provide FCC notification of such approval.

¹⁴ FCC Universal Service Order. ¶¶351-352, slip op at p. 188.

The FCC's Public Notice, DA 97-1892, released September 29, 1997, announced procedures that states must follow in order to receive universal service support. The FCC determined that in order to accept increased Lifeline support, states must send a one-page letter authorizing the reduction of intrastate rates to the Universal Service Administrative Company (USAC) with a copy to Sheryl Todd and the Office of the Secretary at the FCC. Letters must be received by the Office of the Secretary by December 31, 1997, to be eligible for increased support beginning January 1, 1998. The purpose of this letter is to notify the FCC that a state approves the reduction in the portion of the intrastate rate paid by the Lifeline customer. Accordingly, we will approve the reduction in intrastate rates of the additional \$3.00 in federal support and will provide letter notification to the FCC of this approval.

In addition, the FCC requires that in a separate filing sent to the Administrator by December 31, 1997, state commissions or carriers must demonstrate that the carrier's Lifeline plan complies with the FCC's rules and state the number of qualifying low-income consumers and the amount of state assistance (see 47 C.F.R. §54.401(d)). We will direct that Bell provide information to the FCC in accordance with this directive, demonstrating that its Lifeline plan complies with the FCC's rules and stating the number of qualifying low-income consumers and the amount of state assistance.

Before concluding, we believe it is important to note that to the extent that various intrastate Lifeline activities and plans that are being filed and implemented in response to our January 28, 1997 Universal Service Order at Docket No. I-00940035, need to be coordinated in some fashion with the federal Lifeline program, such coordination may become the subject of future Orders by this Commission.

Upon our review, Bell's tariff revisions generally appear to be reasonable, in the public interest and in compliance with our Opinion and Order entered July 31, 1997, at Docket No. I-00940035, and the FCC Universal Service Order. Therefore, we shall permit the proposed tariffs to become effective. In addition, we shall direct Bell to file additional revisions to its Lifeline Service tariffs in accordance with this Opinion and Order. However, this permission does not constitute a determination that the tariff revisions are lawful, just and reasonable, but only that suspension or further investigation is not warranted at this time; **THEREFORE,**

IT IS ORDERED:

1. That the tariff revisions to Bell Atlantic-Pennsylvania, Inc.'s Local General Tariff-Telephone Pa. P.U.C. No. 1, be, and hereby are, permitted to become effective January 1, 1998, with certain conditions, in accordance with this Opinion and Order.

2. That within ten (10) days after the date of entry of this Opinion and Order, Bell shall file a tariff supplement, to become effective on at least one (1) day's notice, which incorporates the following revisions to its Lifeline Service tariff:

a. Section B (Regulations) shall be modified to add the following two paragraphs:

Residence Lifeline Service cannot be resold by the Lifeline customer or the Lifeline customer's agent(s).

Resale of Lifeline Services are subject to wholesale rate obligations under Section 251(c)(4) of the Telecommunication Act of 1996.

b. Language consistent with 66 PA. C.S. §2906 that provides for Caller ID line blocking and per-call blocking services to be available to Lifeline Service subscribers shall be added.

3. That the reduction in the portion of the intrastate rate paid by the end user provided by the additional federal support amount of \$3.00, be and hereby is, approved.

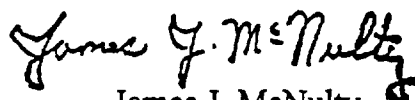
4. That Bell shall provide information to the FCC in accordance with the FCC's directive, as outlined in this Opinion and Order, demonstrating that its Lifeline plan complies with the FCC's rules and stating the number of qualifying low-income consumers and the amount of state assistance.

5. That Bell shall abide by the FCC's final determination regarding the PICC as discussed in this Opinion and Order.

6. That Bell shall comply with all of the directives contained in the body of this Opinion and Order.

7. That a copy of this Opinion and Order be served on Bell Atlantic-Pennsylvania, Inc., the Office of Consumer Advocate, Public Utility Law Project and the Office of Trial Staff.

BY THE COMMISSION,


James J. McNulty
Acting Secretary

(SEAL)

ORDERED ADOPTED: November 21, 1997

ORDER ENTERED: NOV 21 1997

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

BELL ATLANTIC-PENNSYLVANIA, INC.

**PUBLIC MEETING -
NOVEMBER 21, 1997
NOV-97-FUS-582*
R-00974153**

STATEMENT OF COMMISSIONER JOHN HANGER

Bell Atlantic-Pennsylvania has filed tariff revisions to its Lifeline program that will greatly enhance the effectiveness of this valuable program. The most important aspect of the changes will be an increase in the potential discount from \$5.00 to \$9.00 on a lifeline customer's monthly bill.

Bell is able to increase the discount for lifeline customers because of federal funding made available from the implementation of the May 8th, 1997 Federal Communications Commission (FCC) Universal Service Order. This FCC Order set the terms and conditions by which eligible telecommunications carriers may receive funding for lifeline customers beginning on January 1, 1998. These terms and conditions include designation of Bell as an "eligible telecommunications carrier" and expand local calling options.

In the past Bell was able to offer a \$5.00 discount made up of a \$2.50 discount from Bell (paid for with a surcharge imposed on all coin phone operator assisted calls) and a matching discount of \$2.50 subtracted from the \$3.50 federal Subscriber Line Charge. The new discount will once again use the Bell discount of \$2.50. The Federal subsidy will now be \$6.50 made up of a complete waiver of the \$3.50 federal Subscriber Line charge, an additional \$1.75 federal support allotment, and a 50% match of any state support (factored against Bell's \$2.50 discount). Under Bell's old Lifeline Plan a typical lifeline customer in Density Cell One would have paid \$5.68 for standard Measured service with touch-tone. Under the new Lifeline Plan that same customer will pay only \$1.68.

Taking advantage of the increased federal funding of the Lifeline Program will improve low income residential consumers access to health services, public safety agencies, and economic opportunities.

November 20, 1997
DATED

John Hanger
JOHN HANGER, COMMISSIONER